

Vesuvius plc - Trading Update:

2022 results expected to be somewhat above expectations

Remain cautious on FY23

Future market fundamentals remain positive and medium term growth initiatives remain on track

Vesuvius plc, a global leader in molten metal flow engineering and technology, announces the following update covering trading in the period 1 July to 31 October 2022.

Summary

- End markets have been weak during the second half to date, as expected
- Vesuvius has continued to gain market share due to technological differentiation underpinned by R&D investment while passing through cost inflation
- We now anticipate 2022 performance to be somewhat above expectations
- Inventories have started to reduce and Cash generation remains good with year-end 2022 net debt / EBITDA ratio expected to reduce to around 1x
- MSCI ESG rating upgraded to AA
- We remain cautious on FY23 with some impact from continuing inventory reduction expected in the first half
- Future market fundamentals remain attractive and we continue to invest to support medium term growth

Weakening end markets

In line with expectations, steel production has been weakening everywhere except in India which has shown moderate growth year to date. The impact of rising energy prices is particularly impacting European steel producers, with numerous shutdowns of blast furnaces announced and output curtailment from electric arc furnace mills. The impact in NAFTA is less severe to date.

While the light vehicle market is showing slight signs of improvement from an historically low level, most other Foundry markets are weakening, in line with the general economic environment. This is particularly the case in EMEA where the negative differential in energy prices with other world regions is strongly impacting the competitiveness of the industrial sector.

Resilient trading

Vesuvius has continued to outperform and gain market share, thanks to the technological differentiation of our products and solutions, resulting from our strong and continued investment into research and development.

At the same time, we have successfully pursued the dynamic management of our prices to compensate for the continuing increase of our cost factors resulting from the general inflationary environment. We have also initiated cost reduction action plans to adapt to the economic environment and prepare for an uncertain 2023.

Medium-term growth Initiatives on track

The future market fundamentals of both our steel and foundry markets remain positive and we continue to successfully implement our strategic initiatives to optimally position Vesuvius to benefit from this growth, in the medium term.

Our strategic expansions of capacity in high margin Flow Control products to support the growth regions of Turkey, Middle East Africa, India and South-East Asia are on track and will be fully operational by the end of 2023. In addition, we have now broken ground on a new Flux plant in India, which is due to be commissioned in early 2024.

On 8 October 2022, we acquired Bayuquan Magnesium Co (BMC), a world class basic monolithic refractory plant in China with revenues of RMB 120 million (c. £14 million) in 2021. BMC has been a long-standing manufacturing partner of Vesuvius Advanced Refractories and in recent years has supplied us with 100% of its production volumes. The acquisition secures strategically valuable basic monolithic volumes at a plant which benefits from very competitive local raw material access. It will support our further development in China, South-East Asia and North Asia.

Working capital

Cash generation in the second half of the year to date has been good as we continue to focus on reducing our inventory balance from that at the half year. We expect a positive cash in-flow over the H2 period as we progressively unwind the working capital accumulated in H1. As a result, we expect our year-end 2022 Net Debt / EBITDA ratio to reduce to around 1x compared to its level of 1.3x at 30 June 2022.

Sustainability progress

We are pleased to note that MSCI has upgraded our ESG rating to AA, the second highest available rating. We are proud of our detailed, action-oriented sustainability programme, focused on carbon reduction for our own business and that of our customers, alongside actions on safety and gender diversity among senior management.

Outlook

As anticipated, both our steel and foundry end markets are continuing to weaken in the short term. However, due to our continuing market share gains, dynamic price management, cost reduction actions and a more gradual unwind of inventory, we now expect to deliver results somewhat above the analyst range of expectations⁽¹⁾ for the year to 31 December 2022.

Looking to 2023, visibility remains low and the precise timing of a return to growth is very difficult to predict. The unwind in our own inventory levels, which is a drag on fixed cost absorption, will continue into H1 of FY23. In this uncertain environment, we are simultaneously preparing to reinforce our cost reduction actions as necessary and maintaining the pace of our long-term growth initiatives to benefit fully from the market rebound when it materializes.

Note

(1) Company-compiled consensus for trading profit to 31 December 2022 is £199.7m, with a range of £194.0m to £209.4m, based on estimates published since our HY results on 28 July 2022.

CONFERENCE CALL

Patrick André (Chief Executive) and Guy Young (Chief Financial Officer) will be hosting a conference call for analysts and investors at 08:00 (UK time) today.

To participate, please register at least 30 minutes prior to the start of the call by following the link [here](#)

A replay of the call will be available for two weeks on the following numbers:

UK Freephone: 0800 032 9687

UK Direct: 0207 136 9233

Replay Global Access URL: link [here](#)

Passcode: 97957205

For further information, please contact:

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About Vesuvius plc

Vesuvius is a global leader in molten metal flow engineering and technology principally serving process industries operating in challenging high-temperature conditions.

We develop innovative and customised solutions, often used in extremely demanding industrial environments, which enable our customers to make their manufacturing processes safer, more efficient and more sustainable. These include flow control solutions, advanced refractories and other consumable products and increasingly, related technical services including data capture.

We have a worldwide presence. We serve our customers through a network of cost-efficient manufacturing plants located close to their own facilities, and embed our industry experts within their operations, who are all supported by our global technology centres.

Our core competitive strengths are our market and technology leadership, strong customer relationships, well established presence in developing markets and our global reach, all of which facilitate the expansion of our addressable markets.

Our ultimate goal is to create value for our customers, and to deliver sustainable, profitable growth for our shareholders giving a superior return on their investment whilst providing each of our employees with a safe workplace where they are recognised, developed and properly rewarded.

We think beyond today to create solutions that will shape the future for everyone.

Forward looking statements

This announcement contains certain forward looking statements which may include reference to one or more of the following: the Group's financial condition, results of operations, cash flows, dividends, financing plans, business strategies, operating efficiencies or synergies, budgets, capital and other expenditures, competitive positions, growth opportunities for existing products, plans and objectives of management and other matters.

Statements in this announcement that are not historical facts are hereby identified as "forward looking statements". Such forward looking statements, including, without limitation, those relating to the future business prospects, revenue, working capital, liquidity, capital needs, interest costs and income, in each case relating to Vesuvius, wherever they occur in this announcement, are necessarily based on assumptions reflecting the views of Vesuvius and involve a number of known and unknown risks, uncertainties and other factors that could cause actual results, performance or achievements to differ materially

from those expressed or implied by the forward looking statements. Such forward looking statements should, therefore, be considered in light of various important factors that could cause actual results to differ materially from estimates or projections contained in the forward looking statements. These include without limitation: economic and business cycles; the terms and conditions of Vesuvius' financing arrangements; foreign currency rate fluctuations; competition in Vesuvius' principal markets; acquisitions or disposals of businesses or assets; and trends in Vesuvius' principal industries.

The foregoing list of important factors is not exhaustive. When considering forward looking statements, careful consideration should be given to the foregoing factors and other uncertainties and events, as well as factors described in documents the Company files with the UK regulator from time to time including its annual reports and accounts.

You should not place undue reliance on such forward looking statements which speak only as of the date on which they are made. Except as required by the Rules of the UK Listing Authority and the London Stock Exchange and applicable law, Vesuvius undertakes no obligation to update publicly or revise any forward looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward looking events discussed in this announcement might not occur.

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